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John F. Cambria (JC-4098)  
Tiffany A. Buxton (TB-1002)  
ALSTON & BIRD LLP  
90 Park Avenue  
New York, NY 10016-1387  
Telephone: 212-210-9400

Theodore J. Sawicki  
Robert R. Long  
Kerry K. Vatzakas  
(all to be admitted pro hac vice)  
ALSTON & BIRD LLP  
1201 West Peachtree Street  
Atlanta, GA 30309-3424  
Telephone: 404-881-7000

*Attorneys for Defendants Industrial Enterprises  
of America, Inc. and James W. Margulies*

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

ANNMARIE MALLOZZI, INDIVIDUALLY  
AND ON BEHALF OF ALL OTHERS  
SIMILARLY SITUATED,

Plaintiff,

vs.

INDUSTRIAL ENTERPRISES OF AMERICA,  
INC., JOHN MAZZUTO, JORGE YEPES,  
DENNIS O'NEILL, and JAMES MARGULIES,  
Defendants.

1:07-cv-10321 (GBD)

ECF CASE

**JURY TRIAL DEMANDED**

**STIPULATION AND PROPOSED CONSENT ORDER  
SETTING ASIDE DEFAULT AND SETTING SCHEDULE FOR FILING OF  
FIRST AMENDED CLASS ACTION COMPLAINT**

WHEREAS, Plaintiff Annmarie Mallozzi ("Mallozzi") filed the original Complaint in this action on November 14, 2007 against Defendants Industrial Enterprises of America, Inc., John Mazzuto, Jorge Yepes, Dennis O'Neill, and James Margulies (collectively, "Defendants");

WHEREAS, on December 5, 2007, the Notice of Clerk's Certificate of Default as to Industrial Enterprises of America, Inc. was entered on the docket;

WHEREAS, on January 31, 2008, the Notice of Clerk's Certificate of Default as to John Mazzuto was entered on the docket;

WHEREAS, on February 7, 2008, the Notice of Clerk's Certificate of Default as to Jorge Yepes was entered on the docket;

WHEREAS, certain Defendants contest whether service of the summons and complaint on which the entries of default were based was proper under applicable law and rules;

WHEREAS, on February 21, 2008, a Stipulation Appointing Lead Plaintiffs and Approving Selection of Co-Lead Counsel was submitted to and endorsed by the Court, appointing Plaintiffs Carl Meisner and the Goldenberg Group Lead Plaintiffs in this action;

WHEREAS, Lead Plaintiffs have indicated that Lead Plaintiffs will file a first amended complaint (the "Amended Complaint");

WHEREAS, although entries of default have been filed as to certain Defendants, Lead Plaintiffs agree that all of the entries of default should be set aside and that all Defendants should be given the opportunity to move, answer, or otherwise respond to the Amended Complaint;

WHEREAS, the parties have so consented;

NOW, THEREFORE, Lead Plaintiffs Carl Meisner and the Goldenberg Group, and Defendants Industrial Enterprises of America, Inc., John Mazzuto, Jorge Yepes, Dennis O'Neill, and James Margulies (collectively, "Defendants"), by their respective counsel, submit the following Stipulation:

1. The entries of default against Defendants Industrial Enterprises of America, Inc., John Mazzuto, and Jorge Yepes, are hereby set aside, deemed void, and are of no further force or effect.

2. The deadline for all Defendants' answers, motions and/or other responsive pleadings to the original Complaint is hereby extended and superseded pursuant to Paragraph 4 below, such that Defendants need not respond to the original Complaint.

3. Lead Plaintiffs shall no later than thirty (30) days from the entry of this Order file and serve an Amended Complaint which will supersede the original Complaint filed in this action. Service shall be effected on those Defendants with counsel who have entered an appearance in this action by serving the Amended Complaint on such counsel pursuant to Fed. R. Civ. P. 5(b) and Local Civil Rule 5.3. Service of the Amended Complaint and Summons on any named Defendant who has not, through counsel, entered an appearance in this action as of the date the Amended Complaint is filed shall be made pursuant to Fed. R. Civ. P. 4.

4. The time for Defendants to answer, move or otherwise respond to the Amended Complaint shall be, and is hereby, extended through and including forty (40) days after service of the Amended Complaint. Defendants do hereby preserve any and all of their defenses to such Amended Complaint.

5. In the event that Defendants file and serve any motion directed at the Amended Complaint, Plaintiffs shall file and serve their brief in opposition thereto within forty (40) days after the service of the motion.

6. Defendants shall file and serve any reply to Plaintiffs' opposition within twenty-five (25) days after service of the opposition.

7 The time frames and deadlines for the initial disclosures pursuant to Fed. R. Civ. P. 26(a), the conference of the parties pursuant to Fed. R. Civ. P. 26(f), the initial pretrial conference pursuant to Fed. R. Civ. P. 16, and related obligations are hereby suspended until further order of the Court.

IT IS SO STIPULATED.

Dated: New York, New York  
May 21, 2008



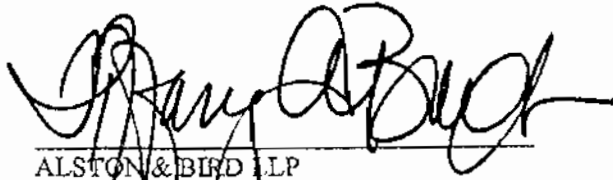
THE ROSEN LAW FIRM, P.A.  
Phillip Kim, Esq. (PK 9384)  
Laurence M. Rosen, Esq. (LR 5733)  
350 Fifth Avenue, Suite 5508  
New York, New York 10118  
Telephone: (212) 686-1060  
Fax: (212) 202-3827  
Email: lrosen@rosenlegal.com  
pkim@rosenlegal.com

*Co-Lead Counsel for Plaintiffs*



WOLF HAUENSTEIN ADLER  
FREEMAN & HERZ LLP  
Gregory Mark Nespole (62 6820)  
270 Madison Avenue  
New York, NY 10017  
Telephone: (212) 545-4697  
Fax: (212) 545-4693

*Co-Lead Counsel for Plaintiffs*



ALSTON & BIRD LLP  
John F. Cambria (JC-4098)  
Tiffany A. Buxton (TB-1002)  
90 Park Avenue  
New York, NY 10016-1387  
Telephone: (212) 210-9400

Theodore J. Sawicki  
Robert R. Long  
Kerry K. Vatzakas  
(all to be admitted pro hac vice)  
ALSTON & BIRD LLP  
1201 West Peachtree Street  
Atlanta, GA 30309-3424  
Telephone: (404) 881-3500

*Attorneys for Defendants Industrial  
Enterprises of America, Inc., James W.  
Margulies and Dennis O'Neill*

WOLLMUTH MAHER & DEUTSCH LLP  
William F. Dahill (WD-8618)  
500 Fifth Avenue  
New York, New York 10110  
Telephone: (212) 382-3300  
Fax: (212) 382-0050

*Counsel for Defendant Jorge Yepes*

¶ The time frames and deadlines for the initial disclosures pursuant to Fed. R. Civ. P. 26(a), the conference of the parties pursuant to Fed. R. Civ. P. 26(f), the initial pretrial conference pursuant to Fed. R. Civ. P. 16, and related obligations are hereby suspended until further order of the Court.

**IT IS SO STIPULATED.**

Dated: New York, New York  
May 29 2008

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THE ROSEN LAW FIRM, P.A.  
Phillip Kim, Esq. (PK 9384)  
Laurence M. Rosen, Esq. (LR 5733)  
350 Fifth Avenue, Suite 5508  
New York, New York 10118  
Telephone: (212) 686-1060  
Fax: (212) 202-3827  
Email: lrosen@rosenlegal.com  
pkim@rosenlegal.com

*Co-Lead Counsel for Plaintiffs*

---

WOLF HALDENSTEIN ADLER  
FREEMAN & HERZ LLP  
Gregory Mark Nespole  
270 Madison Avenue  
New York, NY 10017  
Telephone: (212) 545-4697  
Fax: (212) 545-4693

*Co-Lead Counsel for Plaintiffs*

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ALSTON & BIRD LLP  
John F. Cambria (JC-4098)  
Tiffany A. Buxton (TB-1002)  
90 Park Avenue  
New York, NY 10016-1387  
Telephone: (212) 210-9400

Theodore J. Sawicki  
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Kerry K. Vatzakas  
(all to be admitted pro hac vice)  
ALSTON & BIRD LLP  
1201 West Peachtree Street  
Atlanta, GA 30309-3424  
Telephone: (404) 881-3500

*Attorneys for Defendants Industrial  
Enterprises of America, Inc., James W.  
Margulies and Dennis O'Neill*

---

WOLLMUTH MAHER & DEUTSCH LLP  
William F. Dahill (WD-8618)  
500 Fifth Avenue  
New York, New York 10110  
Telephone: (212) 382-3300  
Fax: (212) 382-0050

*Counsel for Defendant Jorge Yepes*



HOGUET NEWMAN REGAL &  
KENNY, LLP

Fredric S. Newman (FN-3174)

Sheryl B. Galler (SG-8182)

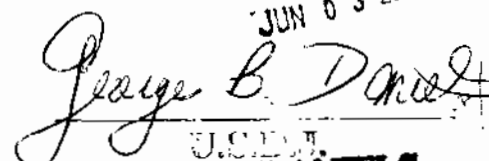
10 East 40th Street

New York, NY 10016

Telephone: (212) 689-8808

Fax: (212) 689-5101

*Counsel for Defendant John Mazzuto*



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U.S. DIST. CT.  
HON. GEORGE B. DANIELS